

No. 13124

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT and INTERNATIONAL
DEVELOPMENT ASSOCIATION,
and
NORWAY**

**Agreement on co-operation in the financing of development
assistance projects of common interest. Signed at
Washington on 20 December 1973**

Authentic text: English.

Registered by the International Bank for Reconstruction and Development and the International Development Association on 28 February 1974.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT,
et
NORVÈGE**

**Accord de coopération en vue du financement de projets d'aide
au développement d'intérêt commun. Signé à Washington
le 20 décembre 1973**

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement et l'Association internationale de développement le 28 février 1974.

AGREEMENT¹ BETWEEN KINGDOM OF NORWAY AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION

A. GENERAL

1. The KINGDOM OF NORWAY (hereinafter referred to as Norway), the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter referred to as the Bank) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association) intend to continue to cooperate closely in the financing of development projects of common interest in those countries in which both Norway and the Bank or the Association will provide development assistance, particularly in sectors such as rural development, small industries, education, population and nutrition.

2. To that end, Norway on the one side and the Bank and the Association on the other side will continue to exchange information and views on development projects suitable for financing both by Norway and the Bank or the Association. Whenever both Norway and the Bank or the Association (or both) intend to provide financing for a specific development project of common interest, it is their mutual intention to make appropriate arrangements to ensure close cooperation and to avoid duplication of efforts in the financing and administration of such project. It is Norway's intention to provide its financing on an untied grant basis; the Bank Group financing will be on a reimbursable basis on the terms and conditions agreed between the Bank Group and the recipient country in respect of each project.

3. The purpose of this Agreement is to set forth the understanding reached between Norway, on the one side, and the Bank and the Association, on the other side, on the manner in which they intend to make these arrangements. For the sake of convenience, the term "Bank Group" has been used to refer to the Bank or to the Association or to both of them, if both institutions provide financing for the same project.

B. JOINT FINANCING AGREEMENTS

4. Whenever Norway wishes to participate with the Bank Group in the financing of a project for which a Bank Group financing has not yet been arranged, it is the intention of Norway and the Bank Group to enter into a joint financing agreement with the recipients of the financing in respect of each joint financing operation, it being recognized that in particular cases alternative arrangements may be made by agreement between the parties interested.

5. The specific terms and conditions of any such joint financing agreement shall be agreed upon between representatives of Norway and of the Bank Group prior to negotiations with the recipients of such a joint financing. The joint financing agreement would normally provide for the following matters:

- (i) a description of the Project to be financed;
- (ii) the allocation of the amount of the financing between Norway and the Bank Group;

¹ Came into force on 20 December 1973 by signature.

- (iii) the allocation of the total financing to various categories of expenditure for the Project;
- (iv) the use of the proceeds of the joint financing and the methods and procedures for procurement of goods and services financed thereunder;
- (v) a procedure for submission to, and review by, the Bank Group of applications for disbursements of the joint financing and coordination of such disbursements;
- (vi) the obligations of the recipients of the joint financing with respect to the execution, operation and administration of the Project, and the supervision of the Project by Norway and the Bank Group;
- (vii) authority of the Bank Group to act on behalf of Norway; and
- (viii) other related matters.

6. To the extent that under the Joint Financing Agreement the Bank Group shall be responsible for the administration of the joint financing, the Bank Group shall act on behalf of Norway with the same care as it exercises in respect of its own affairs and shall obtain Norway's concurrence before entering into any agreements or arrangements, or giving any approval, which fall outside the normal course of administration of the Joint Financing Agreement.

7. There shall be close collaboration between Norway and the Bank Group on matters relating to the execution, including supervision, of any Project jointly financed by them, and on other matters of common interest to them in the administration of their financing for such Project. To this end they shall keep each other currently informed of developments related to the Project, including the findings of any inspection by their representatives. Each party shall send for information to the other copies of letters or notices to the recipients of joint financing in which a party acts or expresses itself on matters of common concern to the Bank Group and Norway.

8. The Bank Group shall give Norway, by cable, three working days' advance notice of their intention of declaring a loan (or development credit) agreement with a recipient of joint financing if force and effect, and shall notify Norway, by cable, as soon as such loan (or development credit) agreement has come into force and effect.

9. The Bank Group and Norway shall promptly inform each other whenever one of them proposes:

- (i) to modify materially its agreement with a recipient of joint financing;
- (ii) to suspend or terminate in whole or in part withdrawals under such agreement; or
- (iii) to declare the indebtedness of a recipient of joint financing under such agreement to be due and payable in advance of the agreed maturity thereof.

In each case the Bank Group and Norway shall afford each other all reasonable opportunity, in advance of taking the proposed action, to exchange views with respect thereto. Each party shall retain its respective independent right of decision and action under its financing agreements with the recipients, including the right of such party to permit continued disbursements of its financing in case of suspension or cancellation of the other party's financing.

10. Unless otherwise notified to the Bank Group by Norway, any action contemplated by the Joint Financing Agreement which requires the agreement of Norway, such as changes in the allocation of the amount of the financing between

Norway and the Bank Group or the reallocation of amounts of financing allocated to various categories of expenditure for the Project, may be taken or executed on behalf of Norway by the Norwegian Agency for International Development.

C. PARTICIPATIONS BY NORWAY IN BANK LOANS OR IDA CREDITS

11. Whenever Norway wishes to participate with the Bank Group in the financing of a project for which a Bank loan (or IDA credit) has already been arranged, it is the intention of Norway and the Bank Group that they shall enter into a participation agreement upon terms and conditions to be agreed upon by them in respect of each operation, unless other arrangements are made by agreement between Norway and the Bank Group.

12. The participation agreement would normally provide that:

- (i) Norway would remit the amount of its participation in fixed annual instalments (based on reasonable estimates of project expenditures) over the estimated execution period for the project to a special account of the Bank Group with the Bank of Norway and the Bank Group would use the amounts so credited for disbursements on the project substantially *pro rata* with disbursements from the balance of the Bank loan (or IDA credit) over the execution period for the project;
- (ii) no interest (or service charge) would accrue on the amount of the Bank loan (or IDA credit) disbursed out of Norway's participation;
- (iii) the amounts of Norway's participation disbursed would be applied to discharging *pro rata* the borrower's liability for repayment of a portion of each of the various maturities of the Bank loan (or IDA credit), unless a different application shall have been agreed between Norway and the Bank Group.

13. The Bank Group, under a participation agreement, will be solely responsible for the administration and enforcement of its loan documents and will exercise, in respect of Norway's participation, the same care as it exercises with respect to loans for its account. However, the participation agreement will provide for the right of Norway to be kept informed of the progress of disbursements of its participation, to be afforded a reasonable opportunity for exchange of views with the Bank Group before the Bank Group exercises its rights to suspend withdrawals or to cancel, or accelerate the maturity of, any portion of its loan, and to be furnished with such other information concerning the operation as Norway will from time to time reasonably request, including an annual statement of withdrawals from the special account referred to in paragraph 12(i), certified by the Bank Group's external auditors, in such detail as Norway shall reasonably request.

D. NOTICES AND ADDRESSES

14. Any notice or request required or permitted to be given or made under this agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram or cable to the party to which it is required or permitted to be given or made at such party's address specified below, or at such other address as shall be specified in a particular agreement or as such party shall have designated by notice to the party giving such notice or making such request.

For Norway:

Norwegian Agency for International Development
Boks 8142 Oslo dep.
Oslo 1
Norway

Alternative address for cables:

Norad
Oslo

For the Bank Group:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433

Alternative address for cables:

Intbafrad
Washington, D.C.

DONE in Washington, D.C. on December 20, 1973.

For the Government of the Kingdom of Norway:
S. CHR. SOMMERFELT

International Bank for Reconstruction and Development
International Development Association:
J. BURKE KNAPP
